

Mayor seeks college accounts for kids

San Francisco plan: \$50 in kindergarten

By Terence Chea
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SAN FRANCISCO — Should cities help families save for their kids' college education? San Francisco Mayor Gavin Newsom thinks so.

Newsom wants to create college savings accounts for all of San Francisco's public school kindergartners and make small initial deposits to get them started — even as the city grapples with a massive budget shortfall.

"From the moment they enter kindergarten, we want kids to believe they will one day go to college, and we want to help their parents get a start on saving for that education," Newsom said. "The benefits to the students, their families and ultimately our economy vastly outweigh the

modest initial investment."

But skeptics say San Francisco can't afford the program when the city is preparing to cut services and lay off hundreds of employees to close a \$483 million deficit in its \$2.9 billion general fund budget.

"It's a real nice idea if we're swimming in money, but we're drowning in debt," said Supervisor Sean Elsbernd. "This is not the time to create new entitlement programs when we're drastically cutting the ones we already have."

The mayor, who is campaigning to be California's next lieutenant governor, plans to include funding for the program in the city budget he'll propose Tuesday.

Backers say the program would help boost college attendance rates among San Francisco public school students, pointing to studies showing that kids with even a small amount of money set aside for college are much more likely to attend.

"These accounts are hope in

concrete form for kids," said Anne Stuhldreher, a senior research fellow at the nonprofit New America Foundation. "If you tell a kindergartner there's \$50 or \$100 set aside for them to go to college, that's a lot of money for them."

Researchers have experimented with creating college savings accounts for low-income kids in communities around the country, but San Francisco would be the first U.S. city to launch a citywide program, Stuhldreher said.

Britain created Child Trust Funds in 2005, when the government began handing out vouchers worth hundreds of dollars to parents of newborns. But the government announced last week it plans to scrap the program as it tackles its budget deficit.

If funding is approved, San Francisco would deposit \$50 into college savings accounts for each kindergartner attending a city public school. Low-income students who qualify for free or reduced lunch would get \$100.

Once the accounts are open, the city would encourage donors to provide matching funds to encourage parents to save for college. EARN, a California nonprofit group that helps low-income families, has offered to contribute \$100 for the first \$100 that families put in the account.

The program would be phased in over three years. The city would create accounts for about one-fourth of the city's 4,800 kindergartners the first year, half the second year and all incoming kindergartners the third year.

The plan would cost about \$200,000 the first year and \$400,000 to \$500,000 a year once it's fully implemented, said city Treasurer José Cisneros, who helped develop the program.

"It's about building aspirations and changing a kid's thinking and mindset about their individual future," Cisneros said. "Just to get a chance to be successful, pretty much every kid is going to want to have a college education."